

MIAMI-DADE COUNTY

COUNTYWIDE GAINSHARING GUIDELINES

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PREAMBLE

These Countywide Gainsharing Guidelines have been developed under the auspices of the Mayor's Efficiency and Competition Commission. It is their intent that the Guidelines serve to promote a uniform, cooperative, and mutually rewarding approach to improving government performance; that management and employees alike stand behind efficiency programs; that employees be rewarded for performing at best practices levels; that reinvestment in operations, including employee development, be provided; and that the program strives to be inclusive and equitable.

I. PURPOSE AND SCOPE

This document provides general guidelines to assist departments in establishing forward-looking gainsharing programs. These guidelines are intended to create a uniform and equitable application of gainsharing criteria and resultant monetary awards in the County.

Departments contemplating gainsharing should use these guidelines as a blueprint for developing programs, establishing operating standards, performance criteria, roles and responsibilities, and determining employee participation and payout criteria.

II. BACKGROUND AND PROGRAM SUMMARY

Gainsharing is an innovative management tool that gives employees direct financial incentives for achieving specific goals. The County has demonstrated that gainsharing is an effective method for encouraging and recognizing employee commitment to improving operations. Examples of successful gainsharing agreements include the Food Services Division in the Corrections and Rehabilitation Department and the Marinas Section of the Park and Recreation Department. Encouraged by these programs, the County has endorsed instituting gainsharing concepts countywide and the development of uniform guidelines to ensure consistency.

A key element of any gainsharing program is the development of a Memorandum of Understanding (MOU) that will contain specific performance targets and the terms and conditions for sharing in the resulting gains. Generally, gainsharing agreements will establish performance targets aimed at increasing County efficiency, reflect improved or best practices levels of performance, and produce verifiable savings for the County. Programs eligible for gainsharing should be operating at efficient levels using prudent business practices and be recognized as well managed. Goals should be focused on improving the department's core business and result in permanent and sustainable change.

Employees and their unions, working with management, should have equal involvement in achieving these goals. As a result, development of MOUs should proceed in a setting of cooperative labor-management relations with parties seeing each other as partners. MOUs will not supersede, alter or abridge any collective bargaining agreements.

Gainsharing agreements developed by departments may be department-wide or involve only a particular business unit and will vary with the operating environment. However, each agreement should be consistent with the broad guidelines presented in this document, and will include specific performance targets, a mechanism for monitoring and evaluating outcomes, criteria for sharing the savings, employee participation and eligibility for gainsharing. Financial targets should be prospective as well, and stem from savings generated during the term of the MOU.

To become effective, each MOU should be signed by the participating parties, including appropriate bargaining units and approved by the Board of County Commissioners. The County Manager will maintain the ultimate decision on implementing specific gainsharing programs, and on distributing gainsharing amounts. The County Manager retains authority to cancel or extend programs as he determines to be in the best interest of the County.

III. DEFINITIONS

Annual Closeout – Annual process (usually based on a fiscal year) in which the Closeout Committee calculates the extent to which the participants of the gainsharing program met its targets and determines the savings Award Pool and renewal criteria as appropriate.

Award Pool – Funds available for disbursement to employees participating in a gainsharing program as determined by the Closeout Committee.

Board – Miami-Dade County Board of County Commissioners

Closeout Committee – The Closeout Committee is comprised of the MOU's signatories, or their representatives. The Performance Improvement Division of the Office of Strategic Business Management, the Employee Relations Department and the Audit and Management Services Department may also participate on the Committee. The Closeout Committee is responsible for determining compliance with the terms and conditions of an MOU, for calculating any savings and Award Pool, and for validating payout allocations. Any disagreements between the parties will be forwarded to the County Manager for resolution. In addition, the Closeout Committee may also consider the findings of external or internal financial or operations audits where appropriate.

ECC – Efficiency and Competition Commission

Eligible Employee – An Eligible Employee is a County employee or retiree who worked during the agreement period and is authorized to receive a gainsharing distribution under the conditions laid out in this document and as specified in the MOU.

Employee Suggestion Program (ESP) – A program in which employees of Miami-Dade County submit ideas to improve County services, increase workplace efficiency, effectiveness, safety and employee morale. Administrative Order 7-8 details the methods of recognizing and rewarding employees for these notable ideas.

Gainsharing – An incentive program that includes financial rewards to employees for exceeding specific performance goals, which generate sustainable savings for the County through better use of labor, capital, materials and energy.

Memorandum of Understanding (MOU) – A written agreement signed by participating County parties and approved by the Board. An MOU will outline specific terms and conditions for providing service, include specific performance targets, make provisions for monitoring and evaluation, delineate employee eligibility for gainsharing, and determine how savings will be distributed. An MOU can apply to an entire department or specific work groups. Not all MOUs must include gainsharing provisions; however, MOUs that do include gainsharing provisions should be consistent with the guidelines set out in this document. Typical MOU signatories must include employees and/or their representatives, union officials, senior department management, the Director of the Office of Strategic Business Management, and the County Manager.

Monitoring Committee – A Monitoring Committee may be established and will typically consist of department managers, employees, union officials, and other departments if appropriate

and shall be specified in the MOU. The Monitoring Committee is responsible for ensuring program integrity throughout its term. The Monitoring Committee may also issue reports (usually semi-annually) to the MOU signatories indicating the program's progress.

MOU Development Committee – The MOU Development Committee is responsible for developing an MOU, all of its terms and associated conditions, and for selecting performance and savings targets. In general, the MOU Development Committee should be comprised of department senior management, unions and employee representatives. Advisory assistance and final review will be provided by the Performance Improvement and Budget Divisions of the Office of Strategic Business Management, the Employee Relations Department, and the Audit and Management Services Department as needed.

Performance and Savings Targets – Goals contained within an MOU that define the level of performance or outcomes expected. Performance targets are usually set at best practices levels or other levels normally accepted as efficient. Targets may be established to reflect unique circumstances. Performance goals are typically both financial and technical and are to be clearly listed in the MOU and communicated to participants before the MOU is executed.

Program Savings – Total amount of funds saved in the gainsharing program during a defined period, normally a fiscal year, distinct from the Award Pool, which is the portion eligible for distribution.

Targeted Savings Initiative (TSI) – A performance program that establishes a set of performance targets with generally recognized efficient or best practices performance standards or other standards as the County or department deems fit. TSIs may include private sector benchmarks or other performance goals depending on operating scope. TSI performance standards may be obtained through a competitive process or non-competitively through research of published data. Consultants may also be engaged to assist in developing performance targets. County employees are not required to submit formal bids or respond to formal requests for proposals under these programs. However, targets may reflect the institutional challenges faced by County employees that do not exist in the private sector or other public sector entities, such as procurement regulations and other internal costs.

IV. INITIATION OF GAINSHARING PROGRAMS

Gainsharing programs can be initiated from several sources including unions, employees, departments, and the County Manager's Office. Regardless of the initial source of a program the agreement should be developed using these guidelines and signed by the various parties. The Board should review and approve the MOU, after it has been signed. In addition, the ECC may review the proposed MOU and comment prior to the Board's consideration.

V. DEVELOPING MEMORANDUM OF UNDERSTANDING (MOU)

A. Establish Roles and Responsibilities

Although ideas for gainsharing programs may come from several places, they all will be developed through an MOU Development Committee. The Committee should be comprised of employees and/or their representatives, union officials, and senior department management. The Department management's role is to make certain that the gainsharing program will bolster the organization's core activities.

Other organizations that can be part of, or advisors to, the MOU Development Committee include the Performance Improvement and Budget Divisions of the Office of Strategic Business Management, the Audit and Management Services Department and the Employee Relations Department.

While the MOU is in operation, other groups will be established to ensure that the program runs smoothly. A Monitoring Committee will monitor the program and issue regular progress reports to the MOU's signatories. A Closeout Committee will be responsible for assessing compliance with performance and savings targets, for calculating the Award Pool, and for reviewing allocations. These two groups may be comprised of members that make up the MOU Development Committee. However, the Monitoring and the Closeout Committees should also consist of parties independent of the gainsharing program to ensure an objective final review.

B. Gainsharing MOU Development

An MOU is a good faith agreement between signatory parties, and generally contains sections and language that can be found in Attachment I.

The MOU Development Committee should use these guidelines outlined below to develop the gainsharing MOU, set parameters and determine the savings distribution.

VI. GUIDELINES FOR TYPICAL MOU SECTIONS

A. Preamble

The Preamble acts as a brief introduction to the MOU. It lists the parties involved and states that they have reached agreement regarding the contents contained in the document.

B. Definitions

This section should be used to define terms used in the MOU. Typical terms contained in this section include gainsharing, technical/financial standards, performance and savings targets, employee award, and MOU. This section should also define department and program-specific terminology.

C. Background and Scope

The Background and Scope of the MOU should briefly describe the project's history and how it was initiated. It should also refer to any prior action by the Board or the ECC related to the initiative. The Background and Scope should describe the project's overall goals, briefly explain how the program will operate, and itemize the MOU's various attachments.

D. Terms and Conditions

The Terms and Conditions Section of an MOU should list the time period of the agreement. Although MOUs should generally apply to multi-year periods, they typically should not exceed five years. A multi-year period gives participating work groups time to generate savings or to meet other performance targets that may not be easily achievable during the earlier years. Additionally, a multi-year period provides employees with time to achieve their overall objectives and institute operational changes and work practices.

The MOU should emphasize cooperative labor-management relations in implementing the program, and state clearly that the agreement is in compliance and harmony, and does not supersede, alter or abridge comprehensive labor contracts between Miami-Dade County and authorized employee organizations. The MOU should stipulate any resultant actions, if any, of not meeting the performance targets. The MOU should also address unique costs or institutional barriers to County employees that are not faced by private sector entities or equivalent public sector entities.

At the conclusion of the stipulated MOU period, the parties may reinstitute discussions to determine if a subsequent follow-on MOU is warranted.

E. Exclusions and Uncontrollable Events

The Exclusions should explain how uncontrollable events that affect performance are to be treated under the agreement. As a general rule, the Closeout Committee should assess employees' performance based on factors directly within their control. Some types of expenses, savings and revenues should be considered in the closeout process and not normally be eligible for gainsharing. These include but are not limited to:

1. Uncontrollable Events
 - a. Catastrophic acts of nature, acts of god or the public enemy, fire, explosions, riots, strike or war
 - b. Catastrophic breakdowns of major equipment or capital
 - c. Contract delays or default outside the control of the participating work group
2. Market Forces
 - a. Unexpected changes in commodity prices

3. Legislative and Regulatory Actions
 - a. Changes in rules having a material affect on standards or practices
 - b. Mandates for changes in service levels
 - c. Changes in fees
 - d. Tax rate changes
4. Funding Restrictions
 - a. Funds restricted from being used in a gainsharing program
5. Certain Operational Changes
 - a. Savings generated by not filling vacancies
6. Miscellaneous
 - a. Operational changes unrelated to the MOU activity that affect savings
 - b. Unexpected Windfalls Unrelated to the Initiative

F. Eligibility

An MOU should list the work groups that will participate in the gainsharing program. In addition, a Table of Organization should be attached to the MOU that describes the work groups and positions that are participating in the MOU. This section of the MOU should also clarify if managers and/or executives will participate in the program and be eligible for an award. Identifying the positions and work groups before the project begins will help prevent any confusion during the closeout period and when awards are made.

Gainsharing programs do not have to be limited to specific department work groups, and can be extended to entire departments or even to work groups from various departments that work together on common or overlapping functions.

G. Goals

Two different types of targets should be used in gainsharing programs. Financial targets define the savings goal that employees should meet or exceed to be eligible for gainsharing. Non-financial (quality) targets, when applicable, (essentially service level goals, such as customer service ratings, turn-around times, quality measurements, etc.) are goals that employees should also be required to achieve to be eligible for gainsharing. These targets are established to ensure that service levels or quality remain high and are not degraded for purpose of creating additional savings. However, targets should also reflect the institutional challenges faced by County employees that do not exist in the private sector, such as procurement regulations and other internal costs.

Ideally, targets should be set at efficient or best practices performance levels. Where best practices data and industry standards are not available, rational targets may be established that represent improvements on current operations. Parties to the MOU should establish targets that provide savings for the County and gainsharing opportunities for employees.

Although targets should encourage employees to reach higher levels of performance, they should still be considered as achievable. Failure to set achievable targets may discourage participants before they begin. For this reason, employee input in selecting the targets is necessary to build consensus for the program. In addition the MOU should clarify if and how goals can be adjusted prior to the conclusion of a program year. To maintain program integrity, however, adjusting goals before the conclusion of a program year should take place in extreme cases.

An MOU may have few or multiple targets, depending on the best means of balancing quality service, efficiency, and employee incentives. While gainsharing programs are designed to improve employees' level of performance, they should also help a department achieve its overall mission to include improved customer service. Therefore, targets should be aligned with a department's strategic goals.

In particular, financial targets should not be met as a result of changes in accounting, cost transfers to other departments or business units, various cash windfalls or fee increases. MOUs should encourage the establishment of sustainable savings or performance improvement. In addition, financial targets should be forward-looking at the time of execution, and not stem from savings generated prior to the implementation of the gainsharing program.

MOU Development Committees are not prohibited from designing agreements without financial goals or savings targets. It is conceivable that an MOU will contain only quality or service level goals that employees are being encouraged to meet. However, the MOU Development Committee should identify income sources to reward the employees in such unique types of gainsharing agreements.

If targets are met with existing vacancies, the vacant positions should be eliminated from the department's Table of Organization, unless the department, with concurrence from the Office of Strategic Business Management, believe they are required to address other departmental service requirements.

H. Monitoring

Gainsharing programs should be monitored regularly to ensure that the participating work groups are making progress sufficient to achieve their goals. The parties involved in the gainsharing program should be responsible for providing information to the Monitoring Committee, if one is established under an MOU, when requested. This information should be easily verifiable and quantifiable to allow the Committee to evaluate performance. Employee feedback during the program year will help ensure a successful program. As a result, the Monitoring Committee should prepare periodic progress reports to help the participants plan their activities and adjust their strategies if necessary to achieve their goals. Such progress reports should be prepared at least every six months or as determined by the MOU Development Committee.

I. Program Closeout

At the conclusion of each MOU reporting period (normally a fiscal year), the Closeout Committee will convene to determine if the participants met the savings and performance targets established by the MOU. The Closeout Committee should be identified in the MOU and be comprised of the MOU's signatories, or their representatives. The Performance Improvement Division of the Office of Strategic Business Management, the Employee Relations Department and the Audit and Management Services Department and applicable external auditors may also participate if required.

Department management and participating employees are responsible for presenting documentation that provides concrete support for the achievement of savings and performance targets. The Closeout Committee will review the supporting documentation and request additional material, as necessary.

The Closeout Committee will prepare a report indicating the degree to which the MOU participants met the savings and performance targets, and include any special conditions or issues that affected the outcome. The report will include a performance analysis to include Program Savings, an Award Pool amount, and a recommendation to the County Manager for gainsharing distributions. The Closeout Committee may also issue a recommendation on approval of the program for another year.

The County Manager will also use information prepared during the closeout period to advise the Board of the appropriate gainsharing distribution.

This annual closeout process is advantageous because it permits the payment of yearly bonuses and provides work groups with information that can be used to improve their performance. It also offers the MOU's signatories and members of the ECC with an opportunity to evaluate the project's utility.

J. Savings Pool Allocation

Savings calculated during the Closeout Period should be separated into three categories as defined within the MOU. In general, up to 25% of validated savings may be shared with employees, and up to an additional up to 25% of savings may be placed in reserve accounts for special use within the operation or workgroup responsible for the savings. Departments will reserve a minimum of the remaining 50% of savings for their use, to defray general fund support, or to benefit their ratepayers.

K. Employee Gainsharing Distribution

The Closeout Committee's report will also include a listing of Eligible Employees (derived from the positions included under the MOU) and individual distribution amounts. Individual departments will be expected to take the lead in calculating individual award amounts under the direction of the Closeout Committee and coordinate with the Employee Relations Department and the Finance Department to facilitate timely gainsharing distributions. The Employee Relations Department and the Finance

Department will calculate and facilitate timely gainsharing distributions under the direction of the Closeout Committee.

There are various ways that actual awards can be calculated. For instance, each department employee may be eligible for the same award or members of specific work groups may be the only ones eligible for awards. Another method is to calculate a base award for an entire department and an additional award for employees in work groups directly responsible for generating the Program Savings. Depending on the overall goals of the gainsharing program, other alternatives for calculating awards are permitted. However, it is important that they are explained clearly in the MOU.

MOUs may contain award caps, either for the amount of individual payouts or for the total payout, and in no case may exceed \$5,000 per eligible employee per year. Award caps should be considered in order to safeguard the interest of the taxpayer, particularly when a small workgroup has the potential to exceed its savings targets by an extremely wide margin.

The MOU should explain how the awards themselves should be calculated. As a general rule, all similarly situated County employees under an MOU will be treated equally. However, gainsharing distributions will be prorated to reflect time variances in employment under the MOU.

In general, the Closeout Committee will make award decisions based on the following policies:

1. General Eligibility Rules

- a. Award recipients should be County employees regardless of employment status (i.e. full-time, part-time, temporary, substitute, probationary, exempt, etc.).
- b. Workgroup participants who separate from the County prior to the time of actual gainsharing distributions are not eligible for an award. However, workgroup employees who retire from County during the MOU period are eligible.
- c. Employees who are delinquent in court-ordered payments will have their awards garnished according to state law.
- d. Employees will have had to work at least six pay periods in the gainsharing program to be eligible for an award.
- e. Employees who transfer to another County department during the MOU period are eligible for the time spent in the program.

2. Prorating Bonuses

- a. A full-time County employee working the full length of a gainsharing period (normally a fiscal year) whose position was included under the MOU will receive a full share. Employees who spend only a portion of their time on the MOU will receive a prorated amount.
- b. Distributions to part-time County employees will be prorated to reflect the portion of a year worked in relation to a full-time employee.
- c. Employees who transfer into or out of an operation under an MOU, or who are out of pay status, on family leave, leave without pay, or extended sick or injury leave, will have their distributions prorated to reflect the portion of the gainsharing period worked under an MOU.

3. Impact of Employee Performance, Discipline and Other Actions

a. *Job Evaluations*

- i. Employees must have an evaluation of satisfactory or better during the agreement period to be eligible for an award. (Departments should make additional efforts to bring evaluations up to date and evaluations should reflect performance under the MOU as closely as possible.)
- ii. If an evaluation covers more than half of the time an employee works during an MOU program year, and that evaluation is below satisfactory, the employee will not be eligible for an award.
- iii. If the employee's prior evaluation was below satisfactory, but it did not cover a majority of that employee's work during the program year, his distribution will be held until his succeeding evaluation. If that evaluation is satisfactory or above, the employee will receive a distribution.
- iv. If an employee's evaluation was satisfactory or above, but covers less than half of the employee's work during the MOU program year, he will be paid the distribution. If the employee's next evaluation falls below satisfactory, and the MOU is still in operation, that employee's award for the succeeding year will be subtracted by the amount from the prior year. (Employees will not be expected to reimburse the County if the award from the succeeding year is larger than the award from the prior year.)
- v. Any employee who has received a written reprimand during an MOU program period (usually a year) will remain eligible for gainsharing under the above rules. However, the distribution will be contingent upon the employee receiving a satisfactory or above evaluation for at least one-half (usually 6 months) of the program period. Consequently,

gainsharing distributions for employees receiving written reprimands will be held until an evaluation covering the specified period is available.

- vi. Employees appealing a job evaluation will have their award set aside until the appeal is resolved.

b. Counseling

- i. Informal employee counseling should have no effect on an employee's eligibility for an award.
- ii. Formal Records of Counseling should have no effect on an employee's eligibility for an award.

c. Disciplinary Actions

- i. A written reprimand given during an MOU period will have no impact on an employee's eligibility for a gainsharing award.
- ii. A suspension during an MOU period will have no impact on an employee's eligibility for a gainsharing award.
- iii. Employees demoted for disciplinary reasons during an MOU program year will not be eligible for a gainsharing award.
- iv. Employees dismissed for disciplinary reasons during an MOU program year will not be eligible for a gainsharing award, unless a hearing examiner or an arbitrator overturns the dismissal or reduces it to a suspension or other disciplinary action. However, the distribution will be contingent upon the employee receiving a satisfactory or above evaluation for at least one-half (usually 6 months) of the program period.
- v. Employees appealing a DAR that contributed to an unsatisfactory evaluation will have their distribution held until the appeals process is concluded. If the employee wins on appeal, the award will be paid providing the employee receives a satisfactory or above evaluation for at least one-half (usually 6 months) of the program period.

d. Other Actions:

- i. Employees with demotions that are voluntary or not due to disciplinary reasons are eligible for a full share of the award.
- ii. Employees under criminal indictment or investigation for a work-related offense will be eligible for an award only if the matter is resolved in the employee's favor. Awards will be held until the outcome is determined.

- iii. Employees suspended under Section 2-42 (22) of the Miami-Dade County Code - automatic suspensions as a result of grand jury indictment - will have their gainsharing award held until their case is settled. If the employee is ultimately suspended, demoted, or dismissed, his eligibility for a gainsharing award will be treated as discussed in the section (c) above. If the employee wins on appeal, the award will be paid, providing the employee receives a satisfactory or above evaluation for at least one-half (usually 6 months) of the program period.

L. Approvals and Signatures

Once the Closeout Committee finalizes its work, it will present a report to the County Manager, who in turn will present it to the ECC. If OSBM is not a member of the Closeout Committee, its review is advisable before the report is presented to the ECC. The County Manager will also prepare an informational report to the Board.

VII. RELATIONSHIP OF GAINSHARING TO OTHER COUNTY INITIATIVES

A. Employee Suggestion Program (ESP)

An employee may submit ideas through the Employee Suggestion Program (ESP) and through gainsharing. ESP includes both group and individual awards and ESP awards are paid to employees who submitted successfully implemented ESP ideas. The Employee Relations Departments and user departments are responsible for identifying employees who are the originators of an implemented ESP idea. Gainsharing awards are paid for reaching specific performance and savings targets under an MOU. The difference between ESP awards and gainsharing should be clearly defined and communicated. Distribution of monetary awards will occur as detailed in Administrative Order 7-8 – Employee Suggestion Program.

B. Employee Participation Program (EPP)

Ideas for an MOU may originate from many sources including EPPs. The source of the idea will have no impact on the terms of the MOU.

VIII. DEPARTMENTS WITH GAINSHARING RESTRICTIONS

In departments where funding or regulatory restrictions limit the County's ability to pay employee bonuses, alternate arrangements have to be considered and approved by the County Manager. Departments are encouraged to investigate alternatives outside the scope of this document to present to the County Manager.

Attachment I

SAMPLE MEMORANDUM OF UNDERSTANDING

Miami-Dade County

Sample Gainsharing Memorandum Of Understanding

I. PREAMBLE

This Memorandum of Understanding (MOU) memorializes an agreement reached between the County Manager, the Director of the Office of Strategic Business Management (OSBM), the Director of [DEPARTMENT], and the employees responsible for _____, hereafter referred to collectively as "the parties". The operational and financial commitments delineated in this MOU become effective [DATE].

II. DEFINITIONS

The following words and expressions shall be construed as follows:

“Additional Net Revenue” shall mean net revenue that exceeds the “Minimum Guarantee.”

“Annual Closeout” shall mean the fiscal year-end review used to: establish compliance with the non-Financial and Financial Standards contained in this MOU; determine the amount of Additional Net Revenue, if any, to be distributed through a Gainsharing program; create a list of Eligible Employees; Reestablish the Non-financial Standards; and potentially adjust the Minimum Guarantee for the succeeding year.

“Award Pool” shall mean funds available for disbursement to employees participating in a gainsharing program as determined by the Closeout Committee.

“Board” shall mean Miami-Dade County Board of County Commissioners

“Budget Objective(s)” shall mean the budgeted revenues and expenses identified in Attachment [XXX]. The Budget Objectives are limited to the range of activities found in Attachment [XXX].

“Closeout Committee” This is a committee comprised of the MOU’s signatories, or their representatives. The Performance Improvement Division of the Office of Strategic Business Management, the Employee Relations Department and the Audit and Management Services Department may also participate on the Committee. The Closeout Committee is responsible for determining compliance with the terms and conditions of an MOU, for calculating any savings and Award Pool, and for validating payout allocations. Any disagreements between the parties will be forwarded to the County Manager for resolution. In addition, the Closeout Committee may also consider the findings of external or internal financial or operations audits where appropriate.

“ECC” shall mean the Efficiency and Competition Commission

“Eligible Employee(s)” shall mean full- and part-time employees who have held positions at the [DEPARTMENT] during the fiscal year for which bonuses are to be paid, and who have received an employee performance evaluation of satisfactory or better. Said employees may be eligible for Gainsharing, subject to the restrictions contained within this MOU. The list of positions that will be used to determine Eligible Employees will be identified and agreed to by the Parties within 30 days of the signing of this Agreement, and shall be incorporated as Attachment [XXX].

“Financial Standards” shall mean the Minimum Guarantee, Combined Minimum Guarantee, monthly minimum payment and percentage of gross revenue, as detailed in Attachment [XXX]. The Financial Standards are inclusive of certain allocated costs which must be identified and agreed to by the Parties within 30 days of the signing of this Agreement, and shall be incorporated as Attachment [XXX].

“Gainsharing Guidelines” shall mean the Countywide Gainsharing Guidelines approved by the County

“Gainsharing Program” shall mean the program under which the County may remit as a bonus a portion of Additional Net Revenue, as limited under this MOU, to Eligible Employees.

“Gainsharing” shall mean an incentive program that includes financial rewards to employees for exceeding specific performance goals, which generate sustainable savings for the County through better use of labor, capital, materials and energy.

“Improvement Fund” shall mean that portion of the Special Purpose Account reserved for improvements.

“Minimum Guarantee” shall be that amount for each [DEPARTMENT], which would otherwise require General Fund support. The amount is the greater of the pledged monthly payment or percentage of gross revenue, identified in Attachment [XXX].

“Monitoring Committee” A Monitoring Committee may be established and will typically consist of department managers, employees, union officials, and other departments if appropriate and shall be specified in the MOU. The Monitoring Committee is responsible for ensuring program integrity throughout its term. The Monitoring Committee may also issue reports (usually semi-annually) to the MOU signatories indicating the program’s progress.

“MOU” or “Agreement” shall mean this Memorandum of Understanding.

“Net Revenue” shall mean the amount by which revenues exceed expenses.

“Non-financial Standards” shall mean the requirements summarized in Attachment [XXX], and shall be revised annually.

“Performance and Savings Targets” shall mean goals contained within an MOU that define the level of performance or outcomes expected. Performance targets are usually set at best practices levels or other levels normally accepted as efficient. Targets may be established to reflect unique circumstances. Performance goals are typically both financial and technical and are to be clearly listed in the MOU and communicated to participants before the MOU is executed.

“Program Savings” – Total amount of funds saved in the gainsharing program during a defined period, normally a fiscal year, distinct from the Award Pool, which is the portion eligible for distribution.

“Special Purpose Account” shall mean the account used to collect and expend Additional Net Revenue in excess of the Minimum Guarantee, if any, in accordance with the guidelines established under this MOU.

III. BACKGROUND AND SCOPE

[Provide appropriate history and project background in this section.]

IV. NON-FINANCIAL AND FINANCIAL STANDARDS

The [DEPARTMENT] must fulfill the Non-financial and Financial Standards outlined in this MOU and detailed in the Attachments. Failure to meet these standards upon reasonable notice may result in _____. The County Manager shall have the authority to approve adjustments to the Non-financial or Financial standards, except for those requiring Board approval.

A. Non-financial Standards

This MOU commits the [DEPARTMENT] to _____. These standards will be reestablished and adjusted annually as part of the Annual Review

B. Financial Standards

The Budget Objectives and Minimum Guarantee reflect a level of competitive performance and cost efficiency _____. The Budget Objectives and Minimum Guarantee as presented in Attachment [XXX] specify the timing and level of revenues to be yielded from this program. The Financial Standards

are inclusive of certain allocated costs which must be identified and agreed to by the Parties within 30 days of the signing of this Agreement, and shall be incorporated as Attachment [XXX].

C. Minimum Guarantee

The Combined Minimum Guarantee for [DEPARTMENT] for Fiscal Year [XXXX-XXXX] is \$[XXX]. A summary of the individual Minimum Guarantees follows: [INSERT TABLE HERE IF NECESSARY.]

The Minimum Guarantee shall be subject to fair and non-discriminatory review and adjustment at the end of each fiscal year as part of the Annual Review, or during the course of the year to reflect changes agreed to by the Parties.

V. PERFORMANCE MONITORING

Performance monitoring will take place on a semi-annual basis, and will be supplemented by an Annual Review and special audits.

A. Semi-Annual Reporting

A Monitoring Committee will provide the County Manager with a semi-annual performance report delivered no later than 30 days following the reporting period's end. Substantive variances from either the Non-financial or Financial Standards will be reported to the County Manager along with explanations and any proposed corrective actions, as necessary. In the event that [DEPARTMENT] does not meet the goals and objectives for the fiscal year, OSBM will inform the County Manager who may propose his own corrective action, to potentially include privatization.

B. Annual Closeout

At the close of each fiscal year, the Closeout Committee will review [DEPARTMENT OPERATIONS] for conformity with the standards contained within this MOU. This review will be used to determine compliance with the MOU's Non-financial Standards, to establish year-end financial performance, and to determine adjustments to the succeeding year Minimum Guarantee and Non-financial Standards. The Annual Closeout will also determine the amount of Additional Net Revenue, if any, available for the purpose of Gainsharing, and the final list of employees eligible for bonuses. The Annual Closeout should be completed within 90 days of fiscal year-end.

C. Special Audits

In addition to semi-annual performance reporting and the Annual Review, the County Manager's Office reserves the right to have AMS perform special audits. Special audits may occur at any time during the fiscal year for the purpose of determining compliance with standards. The Closeout Committee shall also consider the findings of external audits if available.

VI. ADJUSTMENTS TO MINIMUM GUARANTEE

At the conclusion of the Annual Closeout, the Budget and Performance Improvement Divisions of the Office of Strategic Business Management will work with [DEPARTMENT] to determine the Minimum Guarantee for the succeeding year. Changes to the Minimum Guarantee may be triggered by: fee schedule changes; extraordinary or unexpected operating expenses, to include inflation; uncontrollable events, acts of god and changes of law that materially affect operations. Adjustments may be made at any point during the year or as part of the Annual Closeout process.

VII. SPECIAL PURPOSE ACCOUNT

All Additional Net Revenue shall be deposited to a Special Purpose Account, the uses of which are detailed in this section and include a Contingency Reserve, the employee Gainsharing Program, and the Improvement Fund. The treatment of the Special Purpose Account and flow of funds will be re-evaluated periodically, and no less than every three years.

A. Flow of Funds

Additional Net Revenues will flow into the Contingency Reserve, Gainsharing Program, and the Improvement Fund in the following manner: 25% of Additional Net Revenues will flow into the Contingency Reserve; 25% will be made available for the Gainsharing Program (subject to the caps described below); and 50% will be reserved for the Work Group Improvement Fund. At any point in time the Contingency Reserve balance reaches 10% of the estimated annual Combined Minimum Guarantee, 75% of Additional Net Revenues shall flow into the Improvement Fund and 25% shall be made available for the Gainsharing Program. At the end of each fiscal year, funds that were available but not distributed as part of Gainsharing will be placed in the Contingency Reserve or, if the Contingency Reserve is fully funded, transferred to the Improvement Fund. The Gainsharing program will have a zero balance at the beginning of each fiscal year.

1. Contingency Reserve

The Contingency Reserve will be available to support [DEPARTMENT] operations in the event that [DEPARTMENT] fails to meet the Minimum Guarantee. The reserve amount shall be set at 10% of the Minimum Guarantee, and will be reviewed and adjusted as needed. Twenty-five percent of Additional Net Revenues will be dedicated to the Contingency Reserve until fully funded each year. Once the reserve requirements have been met, the 25% of Additional Net Revenues that were dedicated to the Contingency Reserve will flow into the Improvement Fund. At year-end, the Contingency Reserve may receive funds remaining in the Gainsharing Program after the distribution of all bonuses, but only up to the amount required under this MOU.

2. Employee Gainsharing Program

Twenty-five percent of Additional Net Revenues produced during any single fiscal year shall be available for distribution as Gainsharing bonuses to Eligible Employees, subject to caps. The list of positions that will be used to determine Eligible Employees will be identified and agreed to by the Parties within 30 days of the signing of this Agreement, and shall be incorporated as Attachment [XXX]. Bonuses distributions will be contingent upon [DEPARTMENT] successfully meeting all Non-financial and Financial Standards. The Annual Review will determine bonus distribution, if any.

Bonuses will be distributed using a capped, two-tier system. Both full- and part-time County employees will be eligible. Employees will receive one bonus based on the overall performance of the [DEPARTMENT], and a second bonus based on the financial performance of [DEPARTMENT] for which the employee worked. Bonuses will be capped at \$[XXX] for the individual [DEPARTMENT] bonus and \$[XXX] for the overall [DEPARTMENT] bonus, or \$[XXX] combined. Bonuses will be pro-rated for employees who worked less than a full year (either because they were part-time or because they were hired during the year) and to reflect transfers, work responsibilities falling outside the [DEPARTMENT] and other similar events.

All employees, subject to the following eligibility rules and occupying Eligible Positions, will be eligible for a bonus, providing that the combined net revenues from [DEPARTMENT] meet the Combined Minimum Guarantee. Gainsharing distribution will occur no later than 120 days after the close of the fiscal year.

[Insert from Gainsharing Guidelines text from the following sections]

- ❖ General Eligibility Rules
- ❖ Prorating Bonuses
- ❖ Impact of Employee Performance, Disciplinary Actions, and Other Actions
- ❖ Job Evaluations
- ❖ Counseling
- ❖ Disciplinary Actions
- ❖ Other Actions

3. Improvement Fund

The Improvement Fund will be used to support the projects and activities identified within the [DEPARTMENT]. The County Manager may authorize the use of these funds to support programs outside of the work group's operating environment. The Improvement Fund will receive no less than 50% of Additional Net Revenues in any one year, and will receive 75% if, at any time, the Contingency Reserve is fully funded. The Improvement Fund will also receive any funds remaining in the Gainsharing Program after all year-end distributions, including the distribution to the Contingency Reserve, have been made.

VIII. ADMINISTRATION OF AGREEMENT

The following terms will be applied in the administration of this contract.

A. Term and Option Years

This MOU is valid for a [XXX]-year term, beginning [DATE] and ending [DATE]. It can be extended by mutual consent of the parties for up to [XXX] additional [XX]-year periods.

B. Uncontrollable Events/Changes in Law

The Minimum Guarantee has been based on reasonable assumptions of projected revenues, costs, savings and economic conditions. However, the parties understand and acknowledge that extraordinary unforeseen events, beyond the reasonable control of employees and management, may result in costs that could significantly affect the ability to meet the stated objectives.

To protect and promote the objectives of the program, the parties agree that cost impacts associated with extraordinary and unforeseen events may lead to adjustments of the Minimum Guarantee for purposes of assessing performance under this program. Such events may include, but are not limited to:

- Mandates for changes in service levels;
- Catastrophic breakdowns of major equipment or capital;
- Catastrophic acts of nature, acts of god or the public enemy, fire, explosions, riots, strike or war;
- Contract delays or default outside the control of the Department; and,
 - Other events beyond the reasonable control of employees and management, including changes in law that have a material effect upon costs or the ability of employees to perform to the terms of this Agreement and/or corollary service Agreements

Such events may be cause to reopen negotiations to make appropriate adjustments to the Annual Minimum Guarantee.

“Changes in law,” means generally any of the following events which occur after the Agreement date:

- The promulgation, modification or written change in interpretation by a controlling authority of any applicable law unless [DEPARTMENT] management had notice or should have had notice of such change as of the date of this proposal; or
- The order or judgment of any court or other controlling authority as long as it was not the result of a willful or negligent act or lack of reasonable diligence by a party to this Agreement.

A “change in law” shall not include a change in any tax or similar law.

The [DEPARTMENT] Director shall be responsible for investigating uncontrollable events/changes in law to determine materiality, as detailed above. Upon such findings, the Director, with the concurrence of the County Manager, shall issue notice to the parties of this Agreement stating the cost and consequence of the event. Depending on the nature of the event and findings, the associated costs may either be removed from the total costs charged against the [DEPARTMENT] for assessing performance, or the parties of this Agreement shall reconvene to renegotiate the Minimum Guarantee in light of the event. In the latter case, only the Minimum Guarantee of this Agreement related to the specific event shall be reopened, all other terms and conditions shall remain unchanged.

C. Changes to the MOU

The parties agree to reopen this MOU to address fee changes (either because of fee schedule adjustments approved by the Board, or fee changes approved by the Manager within the fee schedule), capital investments not contemplated in the original Agreement or funded with sources other than [DEPARTMENT] operating funds, use of the Special Purpose Account, changes to positions eligible for bonuses under the Gainsharing Program, extension of the MOU, uncontrollable events or changes in law, findings related to the Annual Review or Special Audits, or for other similar purposes.

D. Labor-Management Cooperation

The parties to this Agreement acknowledge that cooperative labor/management relations, as typified by the relationship established in developing the program and this Agreement, are critical to meeting the competitive challenge and objectives detailed in this document. The parties commit to maintaining the momentum, energy, and goodwill of this effort.

To that end, [DEPARTMENT] management will establish labor/management committees, as necessary, to monitor progress, identify issues and barriers to success, and to otherwise maintain a mutual commitment to open communications and consensus.

E. Relationship with Labor Contracts

It is the intent of the parties that this Agreement be interpreted in harmony and compliance with the comprehensive labor contracts between Miami-Dade County and authorized employee organizations representing [DEPARTMENT] employees. All rights and benefits of the parties under existing and future labor contracts are preserved. Any labor disputes related to collective bargaining Agreements shall be resolved through the applicable use of established processes within labor Agreements in effect at the time of the dispute.

F. Severability

In the event that any condition, covenant, or provision of this MOU is held to be invalid or void by any court of competent jurisdiction, or is deemed to be contrary to the law or any covenant or condition or provision of any contract to which the County is a party, the same shall be deemed severable from the remainder of this MOU and in no way shall affect any other covenant, condition, or provision. If any

covenant, condition, or provision of this MOU is deemed to be invalid due to scope or breadth, such covenant, condition, or provision shall be deemed valid to the extent the scope or breadth is permitted by law.

G. Impacts on Staff

The parties understand that a top priority of County management and the Efficiency and Competition Commission is to optimize departmental operations and, in the process of doing so, to protect the employment rights of all affected employees. To that end, the parties agree that every reasonable effort will be made to effect staffing reductions, if necessary, through attrition.

ATTACHMENT II

**STRUCTURAL ENVIRONMENT FOR COUNTY GAINSHARING
PROGRAMS**

Miami-Dade County Structural Environment for County Gainsharing Programs

